

Law Offices of
COLLINS & ALLEN
Post Office Box 475
Salyersville, Kentucky 41465-0475

John C. Collins
Gregory D. Allen

Phone (606) 349-1382
Fax (606) 349-1322

March 15, 2007

HAND DELIVERED

Ms. Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
Post Office Box 615
Frankfort, Kentucky 40602-0615

RECEIVED

MAR 22 2007

PUBLIC SERVICE
COMMISSION

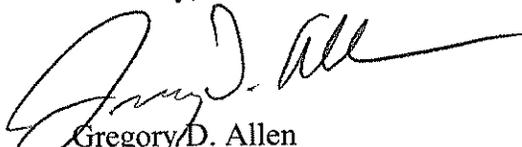
RE: Case Number 2006-00483
Licking Valley RECC - Rates - Flow-Thru

Dear Ms. O'Donnell:

Please find enclosed for filing with the Public Service Commission in the above-referenced Case an original and five (5) copies of the Responses of Licking Valley Rural Electric Cooperative Corporation, to the Commission Staff's First Data Requests dated March 12, 2007.

If additional information is needed or required, please let us know.

Sincerely,



Gregory D. Allen
Counsel

Enclosures

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LICKING VALLEY RURAL)	
ELECTRIC COOPERATIVE CORPORATION TO)	
PASS-THROUGH AN INCREASE OF ITS)	CASE NO.
WHOLESALE POWER SUPPLIER PURSUANT)	2006-00483
TO KRS 278.455(2))	

RESPONSES TO COMMISSION STAFF'S FIRST DATA REQUEST TO
LICKING VALLEY RURAL ELECTRIC COOPERATIVE CORPORATION
DATED MARCH 12, 2007

LICKING VALLEY RURAL ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2006-00483

COMMISSION STAFF'S FIRST DATA REQUEST DATED 3/12/07

Licking Valley Rural Electric Cooperative Corporation ("Licking Valley") hereby submits responses to the Commission Staff's First Data Request dated March 12, 2007. Each response with its associated supportive reference materials is individually tabbed.

LICKING VALLEY RURAL ELECTRIC COOPERATIVE CORPORATION
PSC CASE NO. 2006-00483
FIRST DATA REQUEST RESPONSE

COMMISSION STAFF'S FIRST DATA REQUEST DATED 3/12/07

REQUEST 1

RESPONSIBLE PERSON: William A. Bosta

COMPANY: Licking Valley Rural Electric Cooperative
Corporation

Request 1. Refer to the Application, Exhibits II and III.

Request 1a. Provide all workpapers, calculations, assumptions, and other documentation used to determine the proposed rates and the billing analysis.

Response 1a. Attached is information from EKPC's Exhibit I, Pages 3-5, which shows the present and proposed rates and revenues by wholesale customer class for service to Licking Valley.

As indicated in Mr. Bosta's testimony, the demand charges for retail industrial rates mirror EKPC's proposed rates for Schedules B and C, as applicable.

The increase applicable to all other classes was based on taking the total increase to the member system, subtracting the retail industrial class increase and then dividing that amount by the kWh for all other classes. This resulted in a per unit (cents/kWh) energy cost increase that was applied to all other classes.

See the response to Request 1b for the calculations to determine the proposed rates.

Request 1b. Provide in electronic format the Excel spreadsheets used to determine the proposed rates and billing analysis, with all formulas intact.

Response 1b. Based on discussion with the Commission Staff on March 19, 2007, attached are two (2) copies of the requested information on CD-ROM.

Billing Units - Base Rate Revenue

Demand Energy	is =	1.50
Rate E	0.00378	
E-1	6.52	
Eng-ON	0.0314	
Eng-OFF	0.030898	
R_GROUP		
COOP		
1 21	470,322,652	BILL-KW1
2 25	224,403,420	440,516,577
3 27	210,787,748	1,666,689
4 3	452,986,417	910,928,129
5 30	146,154,697	440,516,577
6 34	230,603,822	894,462
7 37	223,901,650	890,758
8 49	226,221,018	2,085,271
9 51	222,824,915	890,758
10 52	136,656,668	890,758
12 58	263,407,107	890,758
13 57	3,706,690	890,758
14 58	128,984,703	890,758
15 59	508,636,634	890,758
16 61		890,758
17 64		890,758

Rate E - Intert

Firm	Demand	R/C
Interr 60	5.22	2.07
Eng-ON	0.038164	
Eng-OFF	0.030898	
COOP		
1 30	1,118,256	1,181,355
2 51	384,249	482,465
3 64	3,673,073	4,618,956

Rate B

Demand Excess D Energy	7.29	9.72	-0.027325
R_GROUP			
COOP			
1 21	72,600	74,910	1,610
2 23	9,420	10,268	846
3 27	46,500	57,052,634	846
4 3	51,500	54,960	846
5 30	239,723	28,346,395	3,655
6 37	192,700	263,250	25,027
7 51	81,600	208,084	15,334
8 54	64,200	81,800	49,962,603
9 64	344,900	90,068	49,932,574
Total B	1,103,543	1,196,659	729,894,618

Rate B - Intert

Firm	Demand	R/C
Interr 60	7.29	3.69
Eng-ON	4.14	
Eng-OFF	0.027325	
COOP		
1 21	72,600	105,191,965
2 37	159,313	86,713

Demand Revenue	Energy-ON Revenue	Energy-OFF Revenue	Proposed Total Revenue	Present Revenue	Revenue Adjustment
11,592,148	179,574,684	138,659,607	426,827,439	392,164,092	34,663,347
1,182	43,013	36,502	80,507	82,014	8,693
2,221	14,011	14,907	31,140	27,939	3,201
20,213	141,281	142,717	304,210	272,866	31,344
33,626	195,305	194,125	426,056	382,819	43,237
11,592,148	179,574,684	138,659,607	426,827,439	392,164,092	34,663,347

Demand Revenue	Energy-ON Revenue	Energy-OFF Revenue	Total Revenue	Present Revenue	Revenue Adjustment
11,592,148	179,574,684	138,659,607	426,827,439	392,164,092	34,663,347
1,182	43,013	36,502	80,507	82,014	8,693
2,221	14,011	14,907	31,140	27,939	3,201
20,213	141,281	142,717	304,210	272,866	31,344
33,626	195,305	194,125	426,056	382,819	43,237

Demand Revenue	Excess Dem Revenue	Energy-ON Revenue	Energy-OFF Revenue	Total Revenue	Present Revenue	Revenue Adjustment
2,511,321	132,435	5,341,623	8,989,679	8,307,482	681,198	
8,044,828	905,088	19,944,370	28,894,286	26,620,634	2,273,652	
468,018	251,340	1,352,658	2,072,016	1,900,905	171,110	
596,322	0	1,355,236	1,961,559	1,806,138	155,420	
1,404,763	149,046	3,256,633	4,810,462	4,415,198	395,265	
596,322	0	1,355,236	1,961,559	1,806,138	155,420	
468,018	251,340	1,352,658	2,072,016	1,900,905	171,110	
2,511,321	132,435	5,341,623	8,989,679	8,307,482	681,198	
8,044,828	905,088	19,944,370	28,894,286	26,620,634	2,273,652	

Firm	Demand Revenue	Intert Excess Dem Revenue	Energy Revenue	Total Revenue
1 21	503,070	186	1,077,026	1,680,222
2 37	29,244	319,805	1,737,385	2,143,384
72,600	159,313	319,991	2,874,370	3,723,616

Rate C		Demand		Energy		Present Total Revenue		Revenue Adjustment	
#	R_GROUP	BILL-KW	BILL-KWH	Demand Revenue	Energy Revenue	Total Revenue	Present Total Revenue	Revenue Adjustment	
1	COOP	21	31,800	231,622	573,493	805,115	744,895	60,420	
2	C	1 23	20,987,840	284,831	535,890	820,721	731,698	89,023	
3	C	2 27	19,811,348	621,283	1,183,643	1,784,926	1,623,001	161,925	
4	C	3 3	42,855,301	785,893	1,731,325	2,517,318	2,312,464	204,854	
5	C	4 34	63,360,482	43,740	73,483	117,223	105,823	11,400	
6	C	5 48	2,689,215	0	0	0	0	0	
7	C	6 51	0	2,342,877	4,892,261	7,235,238	6,684,885	610,652	
8	C	7 52	181,235,837	1,203,980	2,290,437	3,494,417	3,180,622	313,795	
9	C	8 54	83,822,026	0	0	0	0	0	
10	C	9 57	0	0	0	0	0	0	
11	C	10 58	0	0	0	0	0	0	
12	C	11 59	0	0	0	0	0	0	
13	C	12 61	16,407,017	211,213	448,322	659,535	604,486	55,049	
14	C	13 64	0	0	0	0	0	0	
Total C			782,694	5,705,639	11,768,844	17,474,683	15,967,564	1,487,119	

Inland Container		Demand		Energy		Present Total Revenue		Revenue Adjustment	
#	R_GROUP	BILL-KW	BILL-KWH	Demand Revenue	Energy Revenue	Total Revenue	Present Total Revenue	Revenue Adjustment	
1	COOP	1 52	325,738	2,254,107	5,635,627	7,889,734	7,391,355	498,379	
Total C			430,698,767	5,705,639	11,768,844	17,474,683	15,967,564	1,487,119	

AGC		Demand		Energy		Present Total Revenue		Revenue Adjustment	
#	R_GROUP	BILL-KW	BILL-KWH	Demand Revenue	Energy Revenue	Total Revenue	Present Total Revenue	Revenue Adjustment	
1	COOP	1 51	64,252	444,624	1,127,546	1,572,170	1,473,684	98,306	
2	C	2 51	161,750	1,119,310	2,674,104	3,793,414	3,465,837	247,478	
Total AGC			226,002	1,563,934	3,741,650	5,365,584	4,939,521	345,763	

Gallatin		Demand		Energy		Present Total Revenue		Revenue Adjustment	
#	R_GROUP	BILL-KW	BILL-KWH	Demand Revenue	Energy Revenue	Total Revenue	Present Total Revenue	Revenue Adjustment	
1	COOP	1 37	319,667,504	7,366,867	17,817,063	25,183,929	30,870,772	2,971,795	
Total C			714,688,146	7,366,867	17,817,063	25,183,929	30,870,772	2,971,795	

IGP		Demand		Energy		Present Total Revenue		Revenue Adjustment	
#	R_GROUP	BILL-KW	BILL-KWH	Demand Revenue	Energy Revenue	Total Revenue	Present Total Revenue	Revenue Adjustment	
1	COOP	1 23	364,21668	406,1065	3,779,534	4,185,639	4,061,065	0	
2	C	2 52	841,60696	582,652	5,077,582	5,660,234	5,692,582	0	
Total C			1,205,82364	988,7587	8,857,116	9,845,873	9,753,647	0	

Inland Steam		Demand		Energy		Present Total Revenue		Revenue Adjustment	
#	R_GROUP	BILL-KW	BILL-KWH	Demand Revenue	Energy Revenue	Total Revenue	Present Total Revenue	Revenue Adjustment	
1	COOP	1 23	5,000,73923	0	0	0	0	0	
2	C	2 52	0,245,0068	0	0	0	0	0	
Total C			5,000,73923	0	0	0	0	0	

Demand / Efficiency 6.567689 205
Heat Rate 9816.9 4463
Mbu Demand 38014 \$ /Mbu
Energy 85894 \$ /Mbu

converted
BILL-KW 508,649
Mbu-Demand 4394.11
Mbu-Energy 2352891.7

Dem. Rv. 2,543,580
Energy Revenue 6,788,794
Total Revenue 9,332,384

Dem. Rv. 2,543,580
Energy Revenue 6,788,794
Total Revenue 9,332,384

Load Center - Normalized

Meter #	LC =	2373	2855	4605	Revenue
COOP					
21	12	48	228	24	886,692
23	12	144	439,596		439,596
27	12	108	447,336	24	447,336
3	36	240	591,668	48	591,668
30	12	96	413,076	24	413,076
34	12	120	426,336	12	426,336
37	180	86	855,980	86	855,980
49	12	72	613,860	12	613,860
51	24	144	689,112	48	689,112
52	36	108	474,120	36	474,120
54	312	84	1,197,228	48	1,197,228
56	36	84	325,248		325,248
57	132	84	517,548	12	517,548
58	12	84	268,296		268,296
59	84	84	410,676	0	410,676
61	228	84	1,162,992	0	1,162,992
64	36	540	2364	468	10,219,764
			Metering Meter Point only		426,000
			Metering Meter Point only		7,500
					510,659,030
					49,364,220

Grand Total Revenue by Member System

COOP	E	B	S	Inland Container	Inland Stream	Gallatin	IGP	AGC	Load Center	Metering Only	Metering	Proposed Total	Present Total	Rate Adj
21	41,970,429	3,346,394	0	0	0	0	0	0	686,692	39,000	39,000	46,242,515	42,526,334	3,716,181
23	20,177,360	232,807	805,315	0	0	0	0	0	439,596	19,500	19,500	25,735,642	24,028,185	1,707,457
27	19,437,170	1,242,292	800,711	0	0	0	0	0	447,336	18,000	18,000	21,945,509	20,221,967	1,723,542
3	42,012,158	1,181,082	1,784,826	0	0	0	0	0	591,668	40,500	40,500	46,020,253	42,364,698	3,655,555
30	13,388,966	6,629,299	0	0	0	0	0	0	413,076	18,500	18,500	20,459,244	19,671,430	1,587,814
34	20,735,790	0	2,517,318	0	0	0	0	0	426,336	19,000	19,000	23,697,444	21,777,650	1,919,794
37	44,354,295	6,953,656	0	0	0	0	0	0	855,980	34,500	34,500	86,141,167	78,932,694	7,188,493
49	20,561,234	117,223	0	0	0	0	0	0	613,860	30,000	30,000	21,325,317	19,645,505	1,679,812
51	26,628,149	1,961,568	0	0	0	0	0	5,305,583	689,112	27,000	27,000	34,611,402	31,996,390	2,615,012
52	20,429,813	7,295,299	0	0	0	0	0	0	474,120	18,000	18,000	51,043,371	47,484,290	3,559,111
54	49,482,581	3,494,417	0	0	0	0	0	0	1,197,228	49,500	49,500	56,297,242	51,840,132	4,457,090
56	12,731,750	2,072,016	0	0	0	0	0	0	325,248	15,000	15,000	13,071,668	12,094,882	1,097,116
57	24,105,073	0	0	0	0	0	0	0	517,548	22,500	22,500	24,646,121	22,673,225	1,971,896
58	12,446,242	0	0	0	0	0	0	0	268,296	12,000	12,000	12,726,538	11,716,472	1,010,067
59	344,503	0	0	0	0	0	0	0	410,676	19,500	19,500	344,503	314,498	30,005
61	11,813,118	659,535	0	0	0	0	0	0	410,676	19,500	19,500	12,902,829	11,890,098	1,012,741
64	48,624,862	8,989,673	0	0	0	0	0	0	1,162,992	46,500	46,500	56,623,033	52,390,840	4,432,394
	427,253,486	32,617,902	17,474,683	7,869,734	9,332,384	33,842,557	9,663,647	5,305,583	10,219,764	426,000	7,500	554,033,251	510,669,030	43,364,220
												554,033,251	554,033,251	

Licking Valley RECC

Billing Analysis

for the 12 months ending September 30, 2006

	Total Present Annualized Revenues	Total Proposed Revenues	\$ Increase	% Increase
Sch A - Rate 1 - Res, Farm, Sm Comm Church	\$15,888,281	\$16,657,306	\$769,025	4.84%
Sch B - Rate 4 Comm & Sm Pwr Service	\$1,130,156	\$1,181,498	\$51,342	4.54%
Sch LP - Rate 5 Large Power	\$2,435,101	\$2,544,363	\$109,262	4.49%
Sch LPR Rate 0,2,3,7,8 & 9 Large Power Rate	\$1,325,595	\$1,402,846	\$77,252	5.83%
Sch SL - Security Lights Rate 6	\$675,706	\$705,941	\$30,235	4.47%
Total - All Rate Classes	\$21,454,838	\$22,491,954	\$1,037,116	4.83%

Licking Valley RECC
Billing Analysis
for the 12 months ended September 30, 2008

Schedule A
Residential, Farm, Small Community Hall & Church Service
Rate 3

Non-B/C kWh

	Existing			Proposed			\$ Increase	% Increase
	Billing Determinants	Current Rate	Annualized Revenues	Billing Determinants	Rate	Annualized Revenues		
Customer Charge	188,725	\$7.00	\$1,321,075	188,725	\$7.00	\$1,321,075	\$0	
184,848,318 Energy charge per kWh	184,848,318	\$0.065438	12,096,104	184,848,318	\$0.069598	12,855,129	759,025	
Total from base rates			13,417,179			14,186,204		
Fuel adjustment			1,476,377			1,476,377		
Environmental surcharge			994,725			994,725		
Total revenues			\$15,888,281			\$16,657,308	\$769,025	4.84%
Average Bill			\$84.19			\$88.28	\$4.07	4.84%

Schedule B
Commercial and Small Power Service
Rate 4

	Existing			Proposed			\$ Increase	% Increase
	Billing Determinants	Current Rate	Annualized Revenues	Billing Determinants	Rate	Annualized Revenues		
Customer Charge	11,335	\$14.50	\$164,358	11,335	\$14.50	\$164,358	\$0	
12,341,015 Energy charge per kWh	12,341,015	\$0.069533	806,769	12,341,015	\$0.069533	858,112	51,342	0
Total from base rates			971,127			1,022,459	51,342	
Fuel adjustment			91,251			91,251		
Environmental surcharge			67,779			67,779		
Total revenues			\$1,130,158			\$1,181,458	\$51,342	4.54%
Average Bill			\$99.70			\$104.23	\$4.53	4.54%

Schedule LP
Large Power
Rate 5

	Existing			Proposed			\$ Increase	% Increase
	Billing Determinants	Current Rate	Annualized Revenues	Billing Determinants	Rate	Annualized Revenues		
Customer Charge	1,904	\$ 45.00	88,380	1,904	\$45.00	88,380		
kW Demand	103,350	\$ 6.51	672,809	103,350	\$6.51	672,809		
28,262,935 Energy charge per kWh	28,262,935	0.090758	1,333,054	28,262,935	\$0.054918	1,442,316	109,262	
Total from base rates			2,094,243			2,203,504	109,262	
Fuel adjustment			195,514			195,514		
Environmental surcharge			145,344			145,344		
Total revenues			\$2,435,101			\$2,544,366	\$109,262	4.49%
Average Bill			\$ 1,239.87			\$ 1,295.50	\$ 55.63	4.49%

Licking Valley RECC
Billing Analysis
for the 12 months ended September 30, 2006

Schedule LPR
Large Power Rate
Rate 0, 2, 3, 7, 8 & 9

	Existing			Proposed			\$ Increase	% Increase
	Billing Determinants	Current Rate	Annualized Revenues	Billing Determinants	Rate	Annualized Revenues		
Customer Charge	131	\$90.00	\$11,790	131	\$90.00	\$11,790	\$0	\$0
Demand Charge	48,693	\$5.10	\$297,027	48,693	\$5.10	\$297,027	\$0	\$0
18,568,755 Energy charge per kWh	18,568,755	0.043295	803,934	18,568,755	\$0.047455	881,186	77,252	
Total from base rates			1,112,752			1,190,003	77,252	
Fuel adjustment			134,972			134,972		
Environmental surcharge			77,871			77,871		
Total revenues			\$1,325,595			\$1,402,846	\$77,252	5.83%
Average Bill			\$10,119			\$10,709	\$589.71	5.83%

Licking Valley RECC
Billing Analysis
for the 12 months ended September 30, 2006

Schedule SL
Security Light
Rate B

	Existing			Proposed			\$ Increase	% Increase
	Billing Determinants	Current Rate	Annualized Revenues	Billing Determinants	Rate	Annualized Revenues		
Customer Charge	96,000	\$6.94	\$672,466	96,000	\$7.29	\$702,721	\$30,235	
7,267,500 Energy charge per kWh	7,267,500	\$0.00000	0	7,267,500	\$0.00000	0	0	
Total from base rates			672,466			702,721	30,235	
Fuel adjustment			1,665			1,665		
Environmental surcharge			1,555			1,555		
Total revenues			\$675,706			\$705,941	\$30,235	4.47%
Average Bill			\$ 6.97			\$ 7.29	\$ 0.31	4.47%

Total Non-dem kWh excl lights 242,021,004
Total Non-dem kWh incl lights 7,387,500
Total Non-dem kWh 249,288,524

\$ Increase - Non - Lights \$ 1,006,851
\$ Increase - Lights \$ 30,235
Total \$ Increase \$ 1,037,116
\$ Increase per EKPC \$ 1,037,116
\$ Differential \$

Dem \$ Cust Chg \$ Energy \$

Total \$ \$1,037,116
Less Non Sch B/C \$ \$1,037,116
Less Cust Chg \$ \$1,037,116
per kWh \$0.004160

Licking Valley RECC
Billing Analysis
for the 12 months ended September 30, 2006

Schedule OL
Outdoor Lighting

	Existing			Proposed			\$ Increase	% Increase
	Billing Determinants	Current Rate	Annualized Revenues	Billing Determinants	Rate	Annualized Revenues		
Mercury Vapor (MV) 175W - 75 kWh	96,900	6.94	672,486	96,900	\$7.25	702,721	30,235	4.50%
Sodium Vapor (HPS) 100W - 48 kWh	0	-	0	0		0	0	
Sodium Vapor (HPS) 250W - 104 kWh	0	-	0	0		0	0	
Sodium Vapor (HPS) 400W - 165 kWh	0	-	0	0		0	0	
Decorative Undergr (HPS) 100 W - 48 kWh	0	-	0	0		0	0	
Underground MV w/o pole 175W - 75 kWh	0	-	0	0		0	0	
Underground MV w pole 175W - 75 kWh	0	-	0	0		0	0	
Overhead Durastar (MV) 175W - 75 kWh	0	-	0	0		0	0	
			672,486			702,721	30,235	4.50%
Env Surcharge & Fuel Adjustment			3,220			3,220		
			<u>675,706</u>			<u>705,941</u>		4.47%
<i>Average Invoice</i>								
Mercury Vapor (MV) 175W - 75 kWh		6.94			\$7.25		\$0.31	4.50%
Sodium Vapor (HPS) 100W - 48 kWh		-			\$0.00		\$0.00	
Sodium Vapor (HPS) 250W - 104 kWh		-			\$0.00		\$0.00	
Sodium Vapor (HPS) 400W - 165 kWh		-			\$0.00		\$0.00	
Decorative Undergr (HPS) 100 W - 48 kWh		-			\$0.00		\$0.00	
Underground MV w/o pole 175W - 75 kWh		-			\$0.00		\$0.00	
Underground MV w pole 175W - 75 kWh		-			\$0.00		\$0.00	
Overhead Durastar (MV) 175W - 75 kWh		-			\$0.00		\$0.00	
							\$0.00	

LICKING VALLEY RURAL ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2006-00483

FIRST DATA REQUEST RESPONSE

COMMISSION STAFF'S FIRST DATA REQUEST DATED 3/12/07

REQUEST 2

RESPONSIBLE PERSON: William A. Bosta

COMPANY: Licking Valley Rural Electric Cooperative Corporation

Request 2. KRS 278.455(2) provides that a distribution cooperative may change its rates to reflect a change in the rate of its wholesale supplier if the effects of an increase or decrease are allocated to each class and within each tariff on a proportional basis that will result in no change in the rate design currently in effect. 807 KAR 5:007, Section 2(2), provides that the distribution cooperative shall file an analysis demonstrating that the rate change does not change the rate design currently in effect and the revenue change has been allocated to each class and within each tariff on a proportional basis. In the cover letter to its Application, Licking Valley states:

In each instance, the retail rates for a particular class have been developed in a manner that is consistent with the method proposed by EKPC. The proposed rate design structure at retail does not change the rate design currently in effect and is consistent with the rate design methodology used at wholesale.

Request 2a. For each retail Rate Schedule listed in Exhibit II of the Application, identify the corresponding wholesale Rate Schedule of East Kentucky Power Cooperative, Inc.

Response 2a. Please see the attached information.

Request 2b. Would Licking Valley agree that KRS 278.455(2) and 807 KAR5:007, Section 2(2), require that increases or decreases in rates from the wholesale supplier must be allocated to each retail class and within each retail tariff on a proportional basis? Explain the response.

Response 2b. Yes. EKPC and each Member System understands these requirements and have developed proposed rates that meet the intent of KRS 278.455(2) and 807 KAR5:007. As explained in Mr. Bosta's testimony, EKPC began the rate design process at wholesale by allocating the proposed rate increase to each rate class on a proportional basis. The proportional increase to each rate class was then applied to the most appropriate rate mechanism for each rate class.

The proposed increase at retail is strictly a pass-through of EKPC's increased wholesale costs and each Member System must recover the dollar increase from new wholesale rates. As a result, EKPC and each Member System recognized that it was important to implement retail rates that mirror the change at wholesale, while meeting the proportionality and rate design requirements.

EKPC and its Member Systems understand that a "pure" proportional increase at retail, as discussed in Item 3 herein, would result in increases at retail to customer, demand and energy charges. However, EKPC and its Member Systems came to the conclusion that, for example, an increase in the customer charge at retail made no sense because the wholesale increase had no relationship to customer cost. EKPC has not proposed an increase in its substation charges or metering point charges in this proceeding. Consequently, EKPC and its Member Systems could not justify increasing the retail customer charge when the wholesale increase has no relationship to that cost.

Therefore, EKPC believes that its proposed wholesale increase using a proportional basis, coupled with the use of the wholesale rate design methodology at retail, is a reasonable approach to meeting the intent of the requirements.

Request 2c. Would Licking Valley agree that KRS 278.455(2) and 807 KAR 5:007, Section 2(2), require that the retail rate change does not change the retail rate design currently in effect? Explain the response.

Response 2c. Yes. EKPC and its Member Systems understand the requirements set forth in KRS 278.455(2) and 807 KAR 5:007 and believe that the proposed rates do not alter the existing rate design structure at retail.

As indicated in the response to Item 2b, the rate design used for the pass-through increase at retail was intended to meet these requirements, while also maintaining the existing wholesale/retail rate design relationship and recognizing cost causation principles.

Industrial customers at retail, for example, will pay the same demand charge as the Member System pays to EKPC. This maintains the rate design relationship from wholesale to retail that has existed for a number of years. Likewise, the proposed increase in the "E" wholesale rate, which is only applied to the energy charge, is being passed through only to the energy charge at retail. This process allows the rate design relationship from wholesale to retail to remain in place.

Fundamentally, for every retail rate class, there has been no change in the rate design structure. The demand, energy, and customer components for industrial rates remains intact and the residential and commercial rate design structure remains as is through a continuation of the customer and energy charge structure. This adherence to the rate

design structure, coupled with a retention of the wholesale to retail rate design relationship, is a reasonable approach and meets the legal requirements.

The present and proposed rates structures of Licking Valley RECC are listed below:

<u>Schedule</u>	<u>Rate Class</u>	<u>EKPC Rate Schedule</u>	<u>Present</u>	<u>Proposed</u>
A	Residential, Farm, Small Community Hall and Church Service	E-2		
	Customer Charge per month		\$7.00	\$7.00
	Energy Charge per kwh		\$0.065438	\$0.069598
B	Commercial & Small Power Service	E-2		
	Customer Charge per month		\$14.50	\$14.50
	Energy Charge per kwh		\$0.065373	\$0.069533
LPS	Large Power Service	E-2		
	Demand Charge per KW		\$6.51	\$6.51
	Customer Charge per month		\$45.00	\$45.00
	Energy Charge per kwh		\$0.050758	\$0.054918
LPR	Large Power Rate	E-2		
	Demand Charge per KW		\$6.10	\$6.10
	Customer Charge per month		\$90.00	\$90.00
	Energy Charge per kwh		\$0.043295	\$0.047455
SL	Security Lights and/or Rural Lighting	E-2		
	175 Watt Mercury Vapor per lamp		\$6.94	\$7.25

LICKING VALLEY RURAL ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2006-00483

FIRST DATA REQUEST RESPONSE

COMMISSION STAFF'S FIRST DATA REQUEST DATED 3/12/07

REQUEST 3

RESPONSIBLE PERSON: William A. Bosta

**COMPANY: Licking Valley Rural Electric Cooperative
Corporation**

Request 3. Refer to Exhibit III of the Application.

Request 3a. Prepare the following comparative analyses of Licking Valley's present and proposed revenues:

(1) Calculate the percentage that each rate schedule or class represents of the total revenues for both the present revenues and proposed revenues. Percentages should be expressed to 2 decimal places.

(2) Calculate the percentage that each component of the base rates within each rate schedule or class represents of the total base rate revenues for both the present revenues and proposed revenues. Do not include fuel adjustment revenues, environmental surcharge revenues, or green power revenues. Percentages should be expressed to 2 decimal places.

Response 3a. (1) Please see the attached information.
(2) Please see the attached information.

Request 3b. Based upon the results of the analyses prepared in part (a) above, explain in detail how Licking Valley's proposed pass-through rates are in compliance with the retail rate requirements of KRS 278.455(2) and 807 KAR 5:007, Section 2(2).

Response 3b. Maintaining the existing revenue proportion as shown in part (a) above assumes that the proportionality requirement would follow strict adherence to the existing proportion of revenues at retail, by rate mechanism component (i.e. customer, energy and demand). EKPC and the Member Systems believe that the proportionality requirement is not so narrow and that the pass-through at retail has followed the proposed wholesale rate design process in a proportional manner. At retail, for example, there is no increase in the customer charge because EKPC did not increase the metering point charge or substation charge at wholesale. Moreover, the "B" and "C" type retail industrial classes will have the same demand rate as the proposed demand rate for industrial customers at wholesale. It follows the matching concept upon which these rates were originally created.

See also the response to Item 2(b) and 2(c) herein. KRS 278.455(2) explicitly recognizes "proportional" allocation without recognizing a specific method, whether KWh, revenue, or other means of proportionality. EKPC has chosen the proportional method of applying wholesale to retail, with the intended matching concept of costs vs. revenue. The retail rates reflect this top-down approach to proportionality. Please see the attached analysis which illustrates this approach.

Licking Valley RECC

Billing Analysis

for the 12 months ending September 30, 2006

	Total Present Annualized Revenues	Percent of Total Revenue	Total Proposed Revenues	Percent of Total Revenue	\$ Increase	% Increase
Sch A - Rate 1 - Res, Farm, Sm Comm Church	\$15,888,281	74.05%	\$16,657,306	74.06%	\$769,025	4.84%
Sch B - Rate 4 Comm & Sm Pwr Service	\$1,130,156	5.27%	\$1,181,498	5.25%	\$51,342	4.54%
Sch LP - Rate 5 Large Power	\$2,435,101	11.35%	\$2,544,363	11.31%	\$109,262	4.49%
Sch LPR Rate 0,2,3,7,8 & 9 Large Power Rate	\$1,325,595	6.18%	\$1,402,846	6.24%	\$77,252	5.83%
Sch SL - Security Lights Rate 6	\$675,706	3.15%	\$705,941	3.14%	\$30,235	4.47%
Total - All Rate Classes	\$21,454,838	100.00%	\$22,491,954	100.00%	\$1,037,116	4.83%

Licking Valley RECC
Billing Analysis
for the 12 months ended September 30, 2006

Schedule A
Residential, Farm, Small Community Hall & Church Service
Rate 1

	Existing				Proposed			\$ Increase	% Increase	Proposed Component % of Base Rates
	Billing Determinants			Actual Component % of Base Rates	Billing Determinants					
		Current Rate	Annualized Revenues			Rate	Annualized Revenues			
Customer Charge	188,725	\$7.00	\$1,321,075	9.85%	188,725	\$7.00	\$1,321,075	\$0		9.31%
Energy charge per kWh	184,848,318	\$0.065438	12,096,104	90.15%	184,848,318	\$0.069598	12,885,129	769,025		90.69%
Total from base rates			<u>13,417,179</u>	100.00%			<u>14,186,204</u>			100.00%
Fuel adjustment			1,476,377				1,476,377			
Environmental surcharge			994,725				994,725			
Total revenues			<u>\$15,888,281</u>				<u>\$16,657,306</u>	\$769,025	4.84%	
Average Bill			\$84.19				\$88.26	\$4.07	4.84%	

Schedule B
Commercial and Small Power Service
Rate 4

	Existing				Proposed			\$ Increase	% Increase	Proposed Component % of Base Rates
	Billing Determinants			Actual Component % of Base Rates	Billing Determinants					
		Current Rate	Annualized Revenues			Rate	Annualized Revenues			
Customer Charge	11,335	\$14.50	\$164,358	16.92%	11,335	\$14.50	\$164,358	\$0		16.07%
Energy charge per kWh	12,341,015	\$0.065373	806,769	83.08%	12,341,015	\$0.069533	858,112	0		83.93%
Total from base rates			<u>971,127</u>	100.00%			<u>1,022,469</u>	51,342		100.00%
Fuel adjustment			91,251				91,251			
Environmental surcharge			67,778				67,778			
Total revenues			<u>\$1,130,156</u>				<u>\$1,181,498</u>	\$51,342	4.54%	
Average Bill			\$99.70				\$104.23	\$4.53	4.54%	

Schedule LP
Large Power
Rate 5

	Existing				Proposed			\$ Increase	% Increase	Proposed Component % of Base Rates
	Billing Determinants			Actual Component % of Base Rates	Billing Determinants					
		Current Rate	Annualized Revenues			Rate	Annualized Revenues			
Customer Charge	1,964	\$ 45.00	88,380	4.22%	1,964	\$45.00	88,380	-		4.01%
kW Demand	103,350	\$ 6.51	672,809	32.13%	103,350	\$6.51	672,809	-		30.53%
Energy charge per kWh	26,262,936	0.050758	1,333,054	63.65%	26,262,936	\$0.054918	1,442,316	109,262		65.46%
Total from base rates			<u>2,094,243</u>	100.00%			<u>2,203,504</u>	<u>109,262</u>		100.00%
Fuel adjustment			195,514				195,514			
Environmental surcharge			145,344				145,344			
Total revenues			<u>\$2,435,101</u>				<u>\$2,544,363</u>	\$109,262	4.49%	
Average Bill			\$ 1,239.87				\$ 1,295.50	\$ 55.63	4.49%	

Licking Valley RECC
Billing Analysis
for the 12 months ended September 30, 2006

Schedule LPR
Large Power Rate
Rate 0, 2, 3, 7, 8 & 9

	Existing			Actual Component % of Base Rates	Proposed			\$ Increase	% Increase	Proposed Component % of Base Rates
	Billing Determinants	Current Rate	Annualized Revenues		Billing Determinants	Rate	Annualized Revenues			
Customer Charge	131	\$90.00	\$11,790	1.06%	131	\$90.00	\$11,790	\$0		0.99%
Demand Charge	48,693	\$6.10	\$297,027	26.69%	48,693	\$6.10	\$297,027	\$0		24.96%
Energy charge per kWh	18,568,755	0.043295	803,934	72.25%	18,568,755	\$0.047455	881,186	77,252		74.05%
Total from base rates			1,112,752	100.00%			1,190,003	77,252		100.00%
Fuel adjustment			134,972				134,972			
Environmental surcharge			77,871				77,871			
Total revenues			\$1,325,595				\$1,402,846	\$77,252	5.83%	
Average Bill			\$10,119				\$10,709	\$589.71	5.83%	

Licking Valley RECC
Billing Analysis
for the 12 months ended September 30, 2006

Schedule SL
Security Light
Rate 6

	Existing			Actual Component % of Base Rates	Proposed			\$ Increase	% Increase	Proposed Component % of Base Rates
	Billing Determinants	Current Rate	Annualized Revenues		Billing Determinants	Rate	Annualized Revenues			
Customer Charge	96,900	\$6.94	\$672,486	100.00%	96,900	\$7.29	\$702,721	\$30,235		100.00%
Energy charge per kWh	7,267,500	\$0.00000	0		7,267,500	\$0.00000	0	0		100.00%
Total from base rates			672,486	100.00%			702,721	30,235		100.00%
Fuel adjustment			1,665				1,665			
Environmental surcharge			1,555				1,555			
Total revenues			\$675,706				\$705,941	\$30,235	4.47%	
Average Bill			\$ 6.97				\$ 7.29	\$ 0.31	4.47%	

\$ Increase - Non - Lights
\$ Increase - Lights
Total \$ Increase

\$ 1,006,891
\$30,235
\$ 1,037,116

\$ Increase per EKPC
\$ Differential

\$1,037,116
\$

Licking Valley RECC
Billing Analysis
for the 12 months ended September 30, 2006

Schedule OL
Outdoor Lighting

	Existing			Percent of Actual Base Revenues	Proposed			\$ Increase	% Increase	Percent of Proposed Base Revenues
	Billing Determinants	Current Rate	Annualized Revenues		Billing Determinants	Rate	Annualized Revenues			
Mercury Vapor (MV) 175W - 75 kWh	96,900	6.94	672,486	100.00%	96,900	\$7.25	702,721	30,235	4.50%	100.00%
Sodium Vapor (HPS) 100W - 48 kWh	0	-	0		0		0	0		
Sodium Vapor (HPS) 250W - 104 kWh	0	-	0		0		0	0		
Sodium Vapor (HPS) 400W - 165 kWh	0	-	0		0		0	0		
Decorative Undergr (HPS) 100 W - 48 kWh	0	-	0		0		0	0		
Underground MV w/o pole 175W - 75 kWh	0	-	0		0		0	0		
Underground MV w pole 175W - 75 kWh	0	-	0		0		0	0		
Overhead Durastar (MV) 175W - 75 kWh	0	-	0		0		0	0		
			672,486	100.00%			702,721	30,235	4.50%	100.00%
Env Surcharge & Fuel Adjustment			3,220				3,220			
			675,706				705,941		4.47%	
Average Invoice										
Mercury Vapor (MV) 175W - 75 kWh		6.94				\$7.25		\$0.31	4.50%	
Sodium Vapor (HPS) 100W - 48 kWh		-				\$0.00		\$0.00		
Sodium Vapor (HPS) 250W - 104 kWh		-				\$0.00		\$0.00		
Sodium Vapor (HPS) 400W - 165 kWh		-				\$0.00		\$0.00		
Decorative Undergr (HPS) 100 W - 48 kWh		-				\$0.00		\$0.00		
Underground MV w/o pole 175W - 75 kWh		-				\$0.00		\$0.00		
Underground MV w pole 175W - 75 kWh		-				\$0.00		\$0.00		
Overhead Durastar (MV) 175W - 75 kWh		-				\$0.00		\$0.00		
								\$0.00		

Analysis of Wholesale to Retail Proportionality

	Wholesale			Retail		
	Existing	Proposed	Change	Existing	Proposed	Change
I Customer Charge						
Metering Point Charge	\$125/Mo.	\$125/Mo.	\$ -	\$7.00/Mo	\$7.00/Mo	\$ -
Substation at less than 3 MVA	\$944/Mo.	\$944/Mo.	\$ -	\$7.00/Mo	\$7.00/Mo	\$ -
II Demand Charge						
B&C Demand Charge (\$/kW)	\$5.39	\$7.29	\$1.90	\$5.39	\$7.29	\$1.90

III Energy Charge
 The non-industrial wholesale increase was based on the dollar amount remaining to be recovered at wholesale, divided by kWh.

The non-industrial retail increase was based on the dollar amount remaining to be recovered at retail, divided by kWh.

LICKING VALLEY RURAL ELECTRIC COOPERATIVE CORPORATION

PSC CASE NO. 2006-00483

FIRST DATA REQUEST RESPONSE

COMMISSION STAFF'S FIRST DATA REQUEST DATED 3/12/07

REQUEST 4

RESPONSIBLE PERSON: William A. Bosta

COMPANY: Licking Valley Rural Electric Cooperative Corporation

Request 4. Refer to Exhibit III of the Application. For each type of street light and/or outdoor light included in the billing analysis, provide the following information:

Request 4a. The assigned or estimated kWh usage per light for each light that is not separately metered.

Request 4b. The number of lights.

Response 4a-b.

<u>Light Description</u>	<u>4(a) KWH</u>	<u>4(b) Number of Lights Billed</u>
175 Watt Mercury Vapor	75	96,900